

## Message Text

SECRET

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ACTION EA-12

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INFO CINCPAC

S E C R E T JAKARTA 0475

CINCPAC FOR POLAD

E.O. 11652: XGDS-1  
TAGS: PINT, PINS, ID  
SUBJECT: MINISTER SADLI'S VIEWS ON POLITICAL PROSPECTS

1. I SPENT AN HOUR AND TEN MINUTES WITH MINISTER OF MINES  
MOHAMMAD SADLI ON JANUARY 11 IN A GENERAL REVIEW OF INDONESIA'S  
POLITICAL AND ECONOMIC SITUATION. THIS MESSAGE REPORTS HIS  
POLITICAL VIEWS. HIS COMMENT ON PETROLEUM AND MINING  
ACTIVITIES IN INDONESIA AND PROSPECTS FOR THE SALE OF LNG  
TO THE U.S. ARE REPORTED SEPARATELY.

2. SADLI SAID THAT DISSATISFACTION WITH AND AGITATION  
AGAINST THE GOVERNMENT ARE GROWING, PARTICULARLY AMONG  
STUDENTS. THEY ARE CONCERNED IN PARTICULAR ABOUT CORRUPTION  
AND LACK OF DYNAMISM. THIS STUDENT AGITATION IS SERIOUS BUT  
DOES NOT AT THIS TIME THREATEN THE STABILITY OF THE GOVERNMENT  
SINCE THE STUDENTS ARE NOT UNITED. ALSO, IN CONTRAST TO  
THE SITUATION IN 1965-66, THEY DO NOT HAVE ACTIVE ARMY SUPPORT.  
STEPS ARE, HOWEVER, REQUIRED TO MEET THEIR MINIMUM DEMANDS  
BEFORE THINGS GET OUT OF HAND.

3. ASKED ABOUT MILITARY ATTITUDES, SADLI SAID THERE IS A GOOD  
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DEAL OF GRUMBLING WITHIN THE MILITARY AND THIS INEVITABLY  
FOCUSES ON SUHARTO AS THE POLITICAL LEADER OF THE COUNTRY.  
HOWEVER, WHEN THE CHIPS ARE DOWN, THE MILITARY WILL UNITE  
BEHIND HIM. THIS INCLUDES ALL SENIOR OFFICERS IN POSITIONS  
OF REAL POWER. SADLI ALSO SAW NO SERIOUS DANGER OF AN UPHEAVAL  
AMONG THE LOWER RANKS. HE EXPRESSED THE VIEW THAT THE  
DECEMBER 15 STATEMENT WAS DESIGNED TO AND DID SHOW A HIGH

DEGREE OF UNITY AMONG THE ARMED FORCES IN SUPPORT OF THE PRESIDENT. THE ONE POSSIBLE EXCEPTION IS GENERAL NASUTION, WHO IS "THE MAN TO WATCH". HOWEVER, NASUTION HAS BEEN GIVEN A CLEAR SIGNAL THAT HE MUST TAKE A DEFINITE STAND WITH ONE GROUP OR THE OTHER. PAST HISTORY INDICATES THAT HE IS LIKELY TO STAY WITH THE ARMY.

4. SADLI SAID THERE WAS LITTLE IF ANY DOUBT THAT SUHARTO WOULD BE REELECTED IN MARCH. GOLKAR WILL, OF COURSE, SUPPORT HIM AND THE PDI IS TOO SPLIT TO PROVIDE EFFECTIVE OPPOSITION AND WILL PROBABLY GO ALONG. THE ONLY REAL UNCERTAIN ELEMENT IS THE CONSERVATIVE MUSLIMS (THE PPP). THEY CANNOT DEFEAT SUHARTO BUT UNITED OPPOSITION BY THEM WOULD BE A SERIOUS PSYCHOLOGICAL SETBACK FOR THE PRESIDENT. AS A RESULT, SADLI SAID, THEY WILL BE IN A GOOD BARGAINING POSITION BEFORE THE ELECTIONS TO EXTRACT COMMITMENTS FOR HIGH LEVEL POSTS IN THE NEW GOVERNMENT.

5. SADLI SAID SUHARTO IS, AS USUAL, PLAYING THINGS CLOSE TO THE CHEST AND WILL NOT REVEAL THE COMPOSITION OF HIS NEW CABINET. SADLI BELIEVES SOME "OLD TIMERS" WILL BE RETIRED. HE MENTIONED HEALTH MINISTER SIWABESSY AS ONE ALMOST CERTAIN TO BE DROPPED, AND SAID EDUCATION MINISTER SYARIF THAJEB COULD NOT CONTINUE BEYOND MARCH SINCE HE HAS LOST THE CONFIDENCE OF THE STUDENTS. SADLI EXPECTED WIDJOJO TO REMAIN IN A KEY POSITION AS HEAD OF THE "ECONOMIC TEAM." WIDJOJO ALSO IS NOT TIPPING HIS HAND ABOUT WHICH ECONOMIC MINISTERS MIGHT REMAIN. SADLI SAID HE  
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THOUGHT MOST WOULD STAY ON ALTHOUGH THERE MIGHT WELL BE SHIFTS OF FUNCTION.

6. ASKED ABOUT BASIC POLICIES, SADLI SAID HE DID NOT EXPECT ANY MAJOR SHIFTS AFTER MARCH. THE PRIME EFFORT WOULD BE TO TRY TO IMPLEMENT PRESENT POLICIES BETTER. I RAISED GROWING INCOME DISPARITIES AS AN ITEM WHICH SEEMED TO REQUIRE PRIORITY ATTENTION, BUT SADLI DID NOT BELIEVE MUCH WOULD OR COULD BE DONE TO IMPROVE THIS SITUATION. HE SAID HE HAD SEEN EVEN GREATER DISPARITIES IN COUNTRIES LIKE MEXICO, VENEZUELA AND SPAIN. HE BELIEVED THIS WAS INEVITABLE IN A COUNTRY LIKE INDONESIA WHICH WAS COMMITTED TO A FREE MARKET ECONOMY, NEEDED CAPITAL ACCUMULATION, WANTED TO ATTRACT FOREIGN INVESTMENT AND HAD NO EFFECTIVE BASIS FOR A GRADUATED INCOME TAX. HE BELIEVED DISPARITIES WOULD PROBABLY CONTINUE TO INCREASE AND SAID THIS WAS THE PRICE OF ACHIEVING ECONOMIC DEVELOPMENT UNDER A FREE MARKET SYSTEM. THE UNFORTUNATE THING, HE SAID, IS THAT INDONESIA IS DEVELOPING IN THE LATE 20TH CENTURY IN THE GLARE OF AN INFORMED PUBLIC OPINION WHEREAS THE UNITED STATES AND OTHER WESTERN NATIONS WENT THROUGH THIS PHASE DURING THE 19TH CENTURY, SADLI DID SAY IT IS ESSENTIAL THAT STEPS BE TAKEN TO REDUCE THE LEVEL OF CONSPICUOUS CONSUMPTION IN INDONESIA. HE SPECULATED THAT INCOME

DISPARITIES IN INDONESIA ARE PROBABLY NO WORSE THAN IN INDIA,  
BUT THE DIFFERENCES ARE NOT SO APPARENT IN THE LATTER CASE.  
MASTERS

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